

# House File 542 - Introduced

HOUSE FILE 542

BY THOMSON and ANDREWS

## A BILL FOR

1 An Act prohibiting the government of, and persons and entities  
2 from, the People's Republic of China, and companies or  
3 persons under control of the communist party of China, from  
4 acquiring or owning real property located in the state.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 9I.1, Code 2023, is amended by adding the  
2 following new subsection:

3 NEW SUBSECTION. 6. “Ultimate beneficial owner” shall mean  
4 the natural person who ultimately controls or owns specific  
5 real property, or on whose behalf a real property transaction  
6 is conducted.

7 Sec. 2. Section 9I.2, Code 2023, is amended to read as  
8 follows:

9 9I.2 ~~Alien rights~~ Real property — nonresident aliens and  
10 foreign governments.

11 1. A nonresident alien, foreign business or foreign  
12 government may acquire, by grant, purchase, devise, or descent,  
13 real property, except agricultural land or any interest in  
14 agricultural land in this state, and may own, hold, devise, or  
15 alienate the real property, and shall incur the same duties and  
16 liabilities in relation thereto as a citizen and resident of  
17 the United States.

18 2. Notwithstanding subsection 1, effective July 1, 2023,  
19 the government of the People’s Republic of China shall not  
20 acquire by grant, purchase, devise, or descent any real  
21 property located in this state.

22 3. Notwithstanding subsection 1, effective July 1, 2023,  
23 a corporation incorporated under the laws of the government  
24 of the People’s Republic of China, or a business entity  
25 whether or not incorporated, in which a majority interest  
26 is owned directly or indirectly by nonresident aliens from  
27 the People’s Republic of China shall not acquire by grant,  
28 purchase, devise, or descent any real property located in  
29 this state. Legal entities, including but not limited to  
30 trusts, holding companies, multiple corporations, and other  
31 business arrangements, shall not affect the determination of  
32 ownership or control of the foreign business. If a corporation  
33 incorporated under the laws of the government of the People’s  
34 Republic of China, or a business entity whether or not  
35 incorporated, in which a majority interest is owned directly

1 or indirectly by nonresident aliens from the People's Republic  
2 of China owns or holds real property in this state on July 1,  
3 2023, the corporation or business entity shall divest itself  
4 of all right, title, and interest in the real property before  
5 December 31, 2023.

6 4. Notwithstanding subsection 1, effective July 1, 2023, a  
7 company or a person under the control of the communist party  
8 of China shall not acquire by grant, purchase, devise, or  
9 descent any real property located in this state. If a company  
10 or a person under the control of the communist party of China  
11 owns or holds real property in this state on July 1, 2023, the  
12 company or person shall divest itself of all right, title, and  
13 interest in the real property before December 31, 2023.

14 Sec. 3. Section 9I.3, Code 2023, is amended by adding the  
15 following new subsection:

16 NEW SUBSECTION. 5. a. Notwithstanding subsections 1, 2, 3,  
17 and 4, the government of the People's Republic of China shall  
18 not purchase or otherwise acquire agricultural land in this  
19 state. If the government of the People's Republic of China  
20 owns or holds agricultural land in this state on July 1, 2023,  
21 the government of the People's Republic of China shall divest  
22 itself of all right, title, and interest in the agricultural  
23 land before December 31, 2023.

24 b. Notwithstanding subsections 1, 2, 3, and 4, a corporation  
25 incorporated under the laws of the government of the People's  
26 Republic of China, or a business entity whether or not  
27 incorporated, in which a majority interest is owned directly or  
28 indirectly by nonresident aliens from the People's Republic of  
29 China shall not purchase or otherwise acquire agricultural land  
30 in this state. If a corporation incorporated under the laws of  
31 the government of the People's Republic of China, or a business  
32 entity whether or not incorporated, in which a majority  
33 interest is owned directly or indirectly by nonresident aliens  
34 from the People's Republic of China owns or holds agricultural  
35 land in this state on July 1, 2023, the corporation or business

1 entity shall divest itself of all right, title, and interest in  
2 the agricultural land before December 31, 2023.

3     c. Notwithstanding subsections 1, 2, 3, and 4, a company  
4 or a person under the control of the communist party of China  
5 shall not purchase or otherwise acquire agricultural land in  
6 this state. If a company or a person under the control of the  
7 communist party of China owns or holds agricultural land in  
8 this state on July 1, 2023, the company or person shall divest  
9 itself of all right, title, and interest in the agricultural  
10 land before December 31, 2023.

11     Sec. 4. Section 9I.5, Code 2023, is amended to read as  
12 follows:

13     **9I.5 Land acquired by devise or descent.**

14     1. A nonresident alien, foreign business or foreign  
15 government, or an agent, trustee or fiduciary thereof, which  
16 acquires agricultural land or an interest in agricultural  
17 land, by devise or descent after January 1, 1980, shall divest  
18 itself of all right, title and interest in the land within two  
19 years from the date of acquiring the land or interest. This  
20 section shall not require divestment of agricultural land or an  
21 interest in agricultural land, acquired by devise or descent  
22 from a nonresident alien, if such land or an interest in such  
23 land was acquired by any nonresident alien prior to July 1,  
24 1979.

25     2. If the government of the People's Republic of China,  
26 acquired real property or an interest in real property by  
27 devise or descent on or before July 1, 2023, the government  
28 of the People's Republic of China shall divest itself of all  
29 right, title, and interest in the land before December 31,  
30 2023.

31     3. If a corporation incorporated under the laws of the  
32 government of the People's Republic of China, or a business  
33 entity whether or not incorporated, in which a majority  
34 interest is owned directly or indirectly by nonresident aliens  
35 from the People's Republic of China, acquired real property or

1 an interest in real property by devise or descent on or before  
2 July 1, 2023, the corporation or business entity shall divest  
3 itself of all right, title, and interest in the land before  
4 December 31, 2023.

5     4. If a company or a person under the control of the  
6 communist party of China acquired real property or an interest  
7 in real property by devise or descent on or before July 1,  
8 2023, the company or person shall divest itself of all right,  
9 title, and interest in the agricultural land before December  
10 31, 2023.

11     Sec. 5. Section 9I.6, Code 2023, is amended to read as  
12 follows:

13     **9I.6 Change of status — divestment.**

14     1. A person or business which purchases or otherwise  
15 acquires agricultural land in this state except by devise or  
16 descent, after January 1, 1980, and whose status changes so  
17 that it becomes a foreign business or nonresident alien subject  
18 to this chapter, shall divest itself of all right, title and  
19 interest in the land within two years from the date that its  
20 status changed.

21     2. A person or business which purchased or otherwise  
22 acquired real property in this state except by devise or  
23 descent, and whose status changed so that the person or  
24 business is affiliated in any way with the government of the  
25 People's Republic of China or the communist party of China,  
26 shall divest itself of all right, title, and interest in the  
27 land before December 31, 2023.

28     3. A person or business which purchased or otherwise  
29 acquired real property in this state except by devise  
30 or descent, and whose status changed so that the person  
31 or business is affiliated in any way with a corporation  
32 incorporated under the laws of the government of the People's  
33 Republic of China or the communist party of China, shall divest  
34 itself of all right, title, and interest in the land before  
35 December 31, 2023.

1     Sec. 6. Section 9I.10, Code 2023, is amended to read as  
2 follows:

3     **9I.10 Enforcement.**

4     1. a. If the secretary of state finds that a nonresident  
5 alien, foreign business, foreign government, or an agent,  
6 trustee, or other fiduciary thereof, has acquired or holds  
7 title to or interest in agricultural land in this state in  
8 violation of this chapter or has failed to timely register as  
9 required under section 9I.7 or has failed to timely report as  
10 required under section 9I.8, the secretary shall report the  
11 violation to the attorney general.

12     b. If a county recorder finds that the government of the  
13 People's Republic of China has acquired or holds title to or  
14 interest in real property located in this state in violation of  
15 this chapter, the county recorder shall report the violation  
16 to the attorney general.

17     c. If a county recorder finds that a corporation  
18 incorporated under the laws of the government of the People's  
19 Republic of China, or a business entity whether or not  
20 incorporated, in which a majority interest is owned directly  
21 or indirectly by nonresident aliens from the People's Republic  
22 of China has acquired or holds title to or interest in real  
23 property in this state in violation of this chapter, the county  
24 recorder shall report the violation to the attorney general.

25     d. If a county recorder finds that a company or person under  
26 the control of the communist party of China has acquired or  
27 holds title to or interest in real property in this state in  
28 violation of this chapter, the county recorder shall report the  
29 violation to the attorney general.

30     2. a. Upon receipt of ~~the~~ a report from the secretary of  
31 state or a county recorder under subsection 1, the attorney  
32 general shall initiate an action in the district court of any  
33 county in which the land is located.

34     ~~3.~~ b. The attorney general shall file a notice of the  
35 pendency of the action with the recorder of deeds of each

1 county in which any of the land is located. If the court  
 2 finds that the land in question has been acquired or held in  
 3 violation of [this chapter](#) or the required registration has not  
 4 been timely filed, it shall enter an order so declaring and  
 5 shall file a copy of the order with the recorder of deeds of  
 6 each county in which any portion of the land is located.

7     Sec. 7. NEW SECTION.   **9I.13 Ultimate beneficial owner —**  
 8 **presumption.**

9     If the ultimate beneficial owner of any real property  
 10 located in this state cannot be one hundred percent determined,  
 11 the presumption shall be that the real property is owned by a  
 12 resident of the People's Republic of China.

13     Sec. 8. NEW SECTION.   **9I.14 Foreign lands administration**  
 14 **tax.**

15     Effective January 1, 2024, a monthly foreign lands  
 16 administrative tax of ten percent of the fair market value of  
 17 any real property in this state that is owned by a company or a  
 18 person under the control of the communist party of China, the  
 19 government of the People's Republic of China, a corporation  
 20 incorporated under the laws of the government of the People's  
 21 Republic of China, or a business entity whether or not  
 22 incorporated, in which a majority interest is owned directly  
 23 or indirectly by nonresident aliens from the People's Republic  
 24 of China, or an ultimate beneficial owner under section 9I.13  
 25 shall be charged to the owner and shall be a lien on the real  
 26 property.

27     Sec. 9. NEW SECTION.   **9I.15 Tax sale.**

28     Notwithstanding any law to the contrary, on December  
 29 1, 2024, the county treasurer of each county in which real  
 30 property is located on which the foreign lands administrative  
 31 tax under section 9I.14 is delinquent, shall offer such real  
 32 property at public sale pursuant to chapter 446.

33     Sec. 10. NEW SECTION.   **9I.16 Treasurer of state —**  
 34 **administrator of trust.**

35     Notwithstanding any law to the contrary, on January 1, 2025,

1 any real property located in this state that is owned by a  
 2 company or a person under the control of the communist party  
 3 of China, the government of the People's Republic of China, a  
 4 corporation incorporated under the laws of the government of  
 5 the People's Republic of China, or a business entity whether  
 6 or not incorporated, in which a majority interest is owned  
 7 directly or indirectly by nonresident aliens from the People's  
 8 Republic of China, or an ultimate beneficial owner under  
 9 section 9I.13, shall be placed in a trust administered by the  
 10 treasurer of state. The Iowa public employees' retirement  
 11 system shall be the beneficiary of the trust.

12 EXPLANATION

13 The inclusion of this explanation does not constitute agreement with  
 14 the explanation's substance by the members of the general assembly.

15 This bill prohibits the government of, and persons and  
 16 entities from, the People's Republic of China, and companies or  
 17 persons under the control of the communist party of China, from  
 18 acquiring or owning real property located in the state.

19 The bill provides that effective July 1, 2023, the  
 20 government of the People's Republic of China (government), a  
 21 corporation incorporated under the laws of the government of  
 22 the People's Republic of China (corporation) or a business  
 23 entity whether or not incorporated in which a majority interest  
 24 is owned directly or indirectly by nonresident aliens from the  
 25 People's Republic of China (entity), and a company or a person  
 26 under the control of the communist party (company or person) of  
 27 China shall not acquire by grant, purchase, devise, or descent  
 28 any real property, including agricultural land, located in this  
 29 state. If the government, corporation, entity, company, or  
 30 person owns or holds real property in this state on July 1,  
 31 2023, the government, corporation, entity, company, or person  
 32 shall divest itself of all right, title, and interest in the  
 33 real property before December 31, 2023.

34 If real property, including agricultural land, was acquired  
 35 by the government, corporation, entity, company, or person by



1 devise or descent on or before July 1, 2023, the government,  
2 corporation, entity, company, or person shall divest itself  
3 of all right, title, and interest in the real property before  
4 December 31, 2023.

5 A person or business which purchased or otherwise acquired  
6 real property in this state except by devise or descent,  
7 and whose status changed so that the person or business is  
8 affiliated in any way with the government, corporation, entity,  
9 or a company or person shall divest itself of all right, title,  
10 and interest in the land before December 31, 2023.

11 The bill provides that if a county recorder finds that  
12 a government, corporation, entity, company, or person has  
13 violated a requirement of the bill, the county recorder shall  
14 report the violation to the attorney general. Upon receipt of  
15 a report of a violation, the attorney general shall initiate  
16 an action in the district court of any county in which the land  
17 is located.

18 Under the bill, if the ultimate beneficial owner of any  
19 real property located in this state cannot be 100 percent  
20 determined, the presumption shall be that the real property is  
21 owned by a resident of the government. "Ultimate beneficial  
22 owner" is defined in the bill.

23 Effective January 1, 2024, the bill imposes a monthly  
24 foreign lands administrative tax of 10 percent of the fair  
25 market value of any real property in this state that is owned  
26 by the government, corporation, entity, company, person, or  
27 an ultimate beneficial owner, and the tax shall be a lien on  
28 the real property. Notwithstanding any law to the contrary,  
29 on December 1, 2024, the county treasurer of each county in  
30 which real property is located on which the foreign lands  
31 administrative tax is delinquent shall offer such real estate  
32 at public sale pursuant to Code chapter 446.

33 Notwithstanding any law to the contrary, on January 1, 2025,  
34 the bill provides that any real property located in this state  
35 that is owned by the government, corporation, entity, company,

1 person, or an ultimate beneficial owner, shall be placed in a  
2 trust administered by the treasurer of state. The Iowa public  
3 employees' retirement system shall be the beneficiary of the  
4 trust.